weekly economic review

January 31, 2014

Average Weekly Earnings (AWE)

Earnings growth accelerates

Alberta weekly earnings in November rose by 3.7% year-over-year (y/y) to $1,131, led by gains in goods producing industries. The increase was an improvement from the 3.3% gain posted in October. Earnings growth in Alberta continues to outpace the national average (see Chart), while the gap between AWE in Alberta and the Canadian average remains over $200 per week. At the industry level, earnings growth in manufacturing picked up to 4.3% y/y, although much of this is due to weakness in November 2012. One industry that has been a persistent contributor to wage growth is construction, which posted its fourth consecutive month of over 8% y/y growth.

Rigs Drilling

Drilling activity up start to 2014

An average of 392 active rigs were drilled in Alberta in January, up 6.7% from the same month last year. This is the largest year-over-year increase in the last four months, and a solid start to the 2014 drilling season. The utilization rate, the share of rigs that were active, was near the highest seen in the last two years at 70%. National rig activity increased 13.7% over January 2013.

Rail Transport of Crude Oil

Tonnage hits another record high

Rail transportation of fuel oils and crude products from western Canada rose for the fourth straight month, reaching a new record in November. Shipments of these products increased to 920.3 thousand tonnes. Crude oil tonnage by rail is up 61.1% over November 2012, with recent jumps aided by new loading infrastructure that has expanded rail capacity for crude. On a year-to-date basis, the increase in tonnage was 75.3% over the same time in 2012.

Real GDP by Industry

Canadian economy gaining momentum

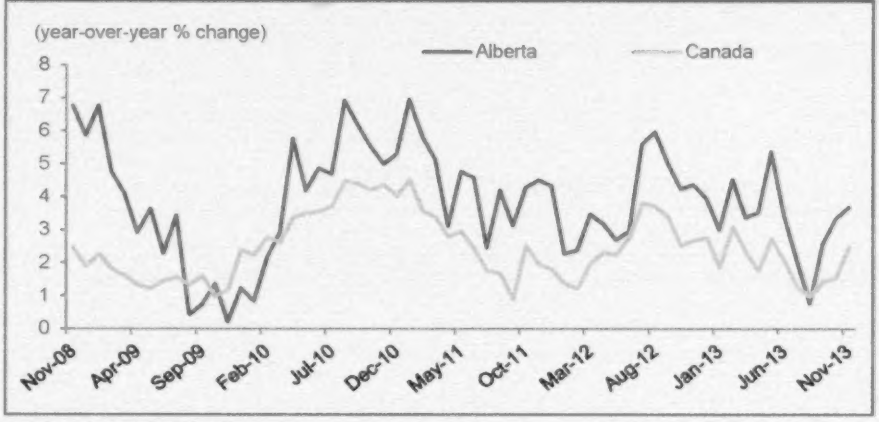
Real GDP grew by 0.2% in November, marking the fifth straight month of above average growth. Goods producing industries rose by 0.4% as strong gains in oil and gas extraction and utilities offset declines in other goods producing industries. The oil & gas extraction industry accounted for more than half of the overall increase in GDP, up 2.6%. Within oil and gas, conventional oil and gas extraction was up 1.5% in November, partly reversing the 1.9% decline in October. GDP from non-conventional oil extraction rose 4.0%, after rising 1.2% in October, and has now grown by 5.8% year-to-date to November 2013.

US Economy

Growth strong in second half of 2013

Second half real GDP growth was the strongest in over eight years in the US, as 4.1% annual growth in the third quarter was followed up by 3.2% growth in the fourth. In the fourth quarter, personal consumption expenditure and exports each grew at the fastest rate in three years. On the downside, residential investment fell 9.8% and government expenditures were down 4.9%.

Growth in Average Weekly Earnings



Source: Statistics Canada

Closing Price	Jan 23, 2014	Jan 30, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	89.85	89.52	95.88
WTI Oil ($US/bbl)	97.32	98.23	98.78
NYMEX Natural Gas($US/MMBtu)	4.73	5.01	3.88

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Alberta Economic Indicators

Population	2012	2013YTD	2014YTD	Aug	Sept	Oct	Nov	Dec	Jan
Population (000's)	3,889	4,025	4,061	..	..	4,061	..	..	..
y/y % change	2.6	3.5	3.5	..	..	3.5	..	..	..
Net Interprovincial Migration[1]	27,652	52,677	10,269	..	..	10,269	..	..	..
Net International Migration[1]	40,842	52,561	16,436	..	..	16,436	..	..	..
Net Non-permanent Residents[1]	10,085	19,560	8,213	..	..	8,213	..	..	..
Labour Market									
Employment (000's), SA	2,149	2,211	..	2,232	2,236	2,237	2,248	2,236	..
y/y % change	2.6	2.9	..	3.6	3.7	3.5	3.6	3.3	..
Unemployment Rate (%), SA	4.6	4.6	..	4.8	4.3	4.4	4.7	4.8	..
Participation Rate (%), SA	73.4	73.0	..	73.6	73.1	73.0	73.4	72.9	..
NEW! Average Weekly Earnings ($), SA	1,072.98	1,108.34	..	1,110.83	1114.41	1126.96	1131.40	..	..
y/y % change	3.6	3.2	..	0.8	2.6	3.3	3.7	..	..
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	..	1.4	1.3	1.0	1.7	2.1	..
Excluding food and energy	1.4	1.4	..	1.6	1.5	1.6	1.5	1.9	..
Non-Res Building Cons. Price Index[2] (y/y % change)	3.8	1.2	..	..	1.2	..	..	..	..
Farm Product Price Index (y/y % change)	6.3	4.4	..	2.5	2.5	..	..	..	..
Crops	6.7	4.7	..	-4.2	-6.0	..	..	..	..
Livestock	5.9	3.9	..	7.0	10.0	..	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	33.3	36.1	..	29.3	31.2	38.1	43.7	36.2	..
y/y % change	30.7	8.2	..	-1.0	-8.2	14.2	9.6	18.8	..
New Housing Price Index[3] (y/y % change)	1.6	2.8	..	3.3	3.1	3.0	3.1	..	..
Edmonton	0.9	0.5	..	0.8	0.2	0.3	0.0	..	..
Calgary	1.7	5.3	..	6.1	6.3	6.1	6.5	..	..
MLS Average Resale Prices ($ 000's)	362.0	380.2	..	388.0	383.2	380.8	387.8	388.5	..
y/y % change	2.6	5.0	..	7.0	7.5	3.9	5.2	4.7	..
Edmonton ($ 000's)	332.7	343.8	..	347.1	347.7	339.3	347.4	356.5	..
y/y % change	2.6	3.3	..	4.2	8.2	1.4	2.5	5.3	..
Calgary ($ 000's)	410.8	436.6	..	441.2	438.9	439.7	449.0	449.1	..
y/y % change	2.2	6.3	..	8.1	8.5	4.2	7.6	4.5	..
Retail Sales, SA (y/y % change)	6.9	6.5	..	5.9	6.5	6.7	6.8	..	..
New Motor Vehicle Sales (y/y % change)	10.5	6.1	..	7.0	2.1	6.5	5.3	..	..
NEW! Consumer Bankruptcies	5759	4405	..	379	375	383	323	..	..
y/y % change	-18.1	-18.6	..	-16.5	-10.9	-21.7	-23.1	..	..
Business Sector									
NEW! Rigs Drilling	250	235	392	239	251	239	233	259	392
y/y % change	-12.6	-5.9	6.7	7.0	9.6	1.0	-9.8	-9.9	6.7
Goods Exports, customs based (y/y % change)	2.9	6.8	..	7.6	16.6	19.0	..	..	..
Energy	3.6	9.2	..	12.6	25.7	26.1	..	..	..
Farm, Fishing and Intermediate Food	20.6	-7.7	..	-24.2	-27.5	-14.8	..	..	..
Farm Cash Receipts (quarterly, y/y % change)	14.1	2.1	..	..	3.4	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	3.4	1.3	..	7.7	1.4	6.1	7.1	..	..
Wholesale Trade, SA (y/y % change)	10.9	2.5	..	1.8	1.6	5.1	1.5	..	..
Building Permits, SA (y/y % change)	14.8	19.2	..	1.1	29.9	22.3	3.3	..	..
Residential	18.2	18.6	..	-5.9	39.5	37.6	18.4	..	..
Non-residential	10.7	20.0	..	12.3	14.7	2.4	-13.1	..	..
NEW! Business Bankruptcies	230	123	..	7	13	15	8	..	..
y/y % change	-12.9	42.5	..	-30.0	38.1	16.7	-46.7	..	..

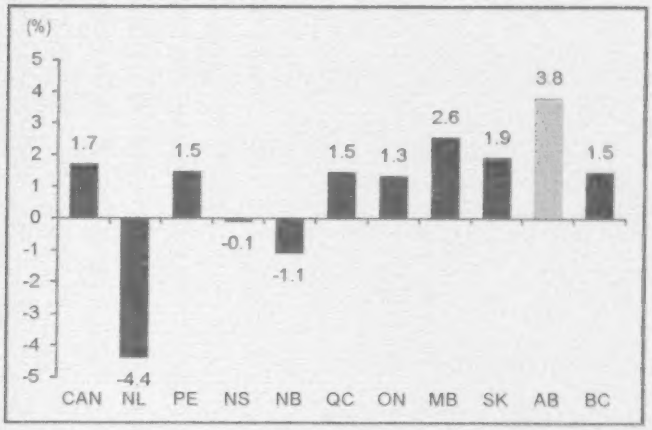
1 Quarterly; annual numbers are presented on a census year basis (July 1—June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).

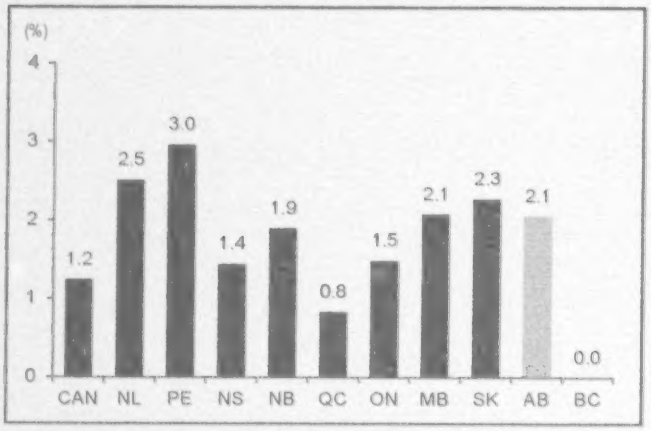
All historical data are subject to revision.

Economic Indicators by Province

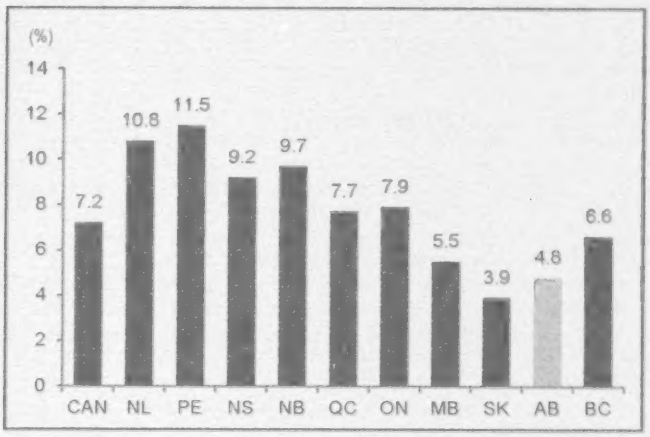
Real GDP at Market Prices
(2012, year-over-year growth)



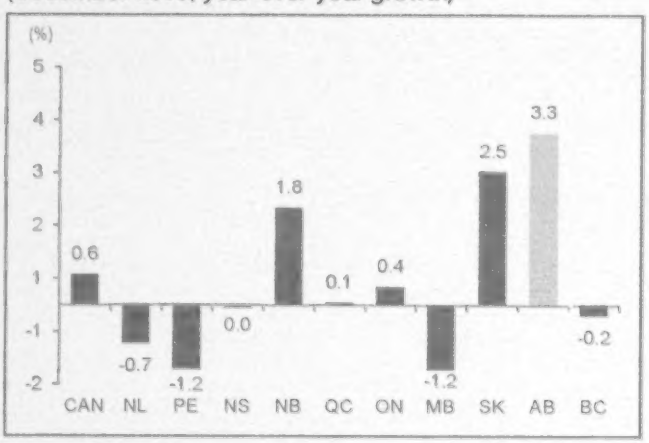
CPI Inflation
(December 2013, year-over-year growth)



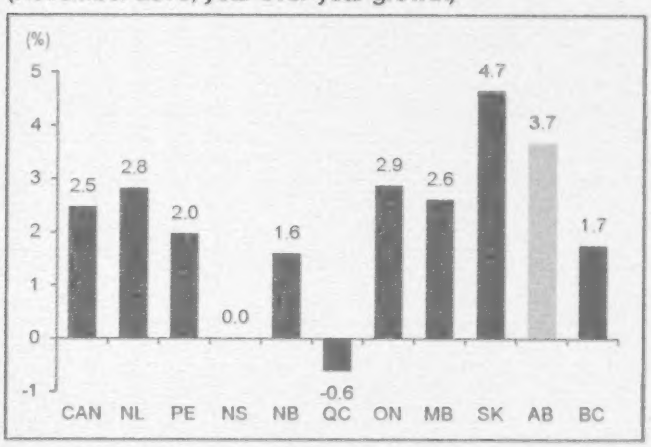
Unemployment Rate
(December 2013)



Employment
(December 2013, year-over-year growth)



Average Weekly Earnings
(November 2013, year-over-year growth)



Housing Starts
(December 2013, SAAR, year-over-year growth)